

**Ulster County Industrial Development Agency
Minutes
July 11, 2012**

A regular monthly meeting of the Ulster County Industrial Development Agency was held at 8:00 a.m., Wednesday, July 11, 2012, Conference Room 108, Business Resource Center, Development Court, Kingston, NY.

The following agency members were present:

Michael Horodyski	Assistant Chair/Assistant Secretary
Robert Kinnin	Assistant Chair/Assistant Secretary
James Malcolm	Assistant Chair/Assistant Secretary
John Morrow	Secretary
David O'Halloran	Chair
Steve Perfit	Treasurer

The following agency members were absent:

Paul Colucci	Assistant Chair/Assistant Secretary
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UCDC Staff:

Melinda Beuf
Linda Clark

UCIDA Attorney and Bond Counsel:

A. Joseph Scott	Hodgson Russ LLP
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Additional Attendees:

Glenn Gidaly	Gardiner Library
James Quigley	Supervisor, Town of Ulster
Nick Pizza, III	Hudson Valley Domicile a/k/a Hudson Valley Sportsdome

Chair David O'Halloran called the meeting to order at 8:02 a.m.

PLEDGE OF ALLEGIANCE

The members of the Agency participated in the Pledge of Allegiance to the flag.

PUBLIC COMMENT

Chair O'Halloran opened the meeting for Public Comment. There being no individual(s) requesting the privilege of the floor, Chair O'Halloran closed the Public Comment segment of the Agenda.

MINUTES

Motion: John Morrow, seconded by Steve Perfit, moved to approve the Minutes of the June 13, 2012 meeting. A copy of said minutes is on file.

Vote: The motion was adopted.

FINANCIALS

Motion: James Malcolm, seconded by John Morrow, moved to approve the financials for the period ending June 30, 2012. A copy of said financials is on file.

Vote: The motion was adopted.

COMMITTEE REPORTS

Governance Committee. Committee Chair John Morrow reported that the committee had not met and he had nothing to report at this time.

Audit Committee. Committee Chair Steve Perfit reported that the committee had not met and he had nothing to report at this time. A committee meeting will be scheduled before the next meeting of the Agency.

Ready2Go Committee. Melinda Beuf reported that the Ready2Go Narrative had been completed. A copy of said Narrative is on file. Chair O'Halloran stated that the Narrative will support the Agency's grant to the Ready2Go Program. The Leading Edge Development Project, Town of Saugerties, is moving forward. There have been changes to the site plan; the next step is to have an informal meeting with the town supervisor, planning board director and ZEO about the informal changes before they go to the Planning Board. Steve Perfit stated that Dennis Larios contacted him for certain information that he could use in the development process; basically the wetlands delineation, which Mr. Perfit had from the Corps of Engineers. He believed that Mr. Larios was talking about siting up to 100,000 sq. ft. on the lot, in addition to juggling with parking requirements.

KIC Chemicals, New Paltz, submitted an application which was considered by the members of the committee. The committee declined to fund this project as they are 1¼ miles from water and sewer. The members of the committee encouraged the project and offered to set up a gateway meeting with the Director of Planning.

John Morrow stated that they are never going to be able to get water and sewer there; it is not available from New Paltz. They do not have the capacity to expand.

Ms. Beuf responded that the Town of New Paltz has submitted an application for a Shovel Ready Feasibility study on extending the water/sewer district.

In addition, Ms. Beuf reported that she was in the process of scheduling a "site walk" of the property submitted by John J. Lease, just off Route 9-W in the Town of Lloyd.

PROJECT MONITORING AND ENFORCEMENT

Gardiner Library

Ms. Beuf gave a brief overview of the bond project, noting that the number of promised jobs was five; currently they have three.

Mr. Glenn Gidaly, Chairman of the Board of the Library, stated that the UCIDA financed the library in conjunction with one million dollars in grants and private donations. There is a mortgage with Key Bank which is current and up to date. In terms of the issue of jobs, they presently have 3.2 full time equivalent jobs; a full time librarian, a children's librarian and numerous part-time individuals. The project is a municipal library under New York State Education Law; the library is heavily constrained in terms of budget. They have had the same budget since 2008. They can only raise the budget

by having a vote of the taxpayers of the Town of Gardiner. In view of the recession, the Board decided not to put a proposition on the ballot until 2013. Their current is a budget of \$229,000 annually to run a library that is open seven days a week. They understand the papers that were signed; they understand that there is a job creation issue. The library is not a job creation institution. Being a municipal library, municipalities are actually cutting employees not adding employees. The Gardiner Library has well over 50% of the residents having library cards, as a result, they have a large volunteer pool. They are a public service facility; they are not a profit making institution that the more people that borrow from us, the more people we hire. The board feels that the 3.2 FTE is pretty stable; they do not see themselves hiring anyone in the next several years.

Chair O'Halloran stated that this being a municipal project they did not receive lease back/sales tax benefits.

Bond Counsel A. Joseph Scott stated that the subsidies that the Agency offered the Gardiner Library were exemption from mortgage recording tax, but they are already exempt from sales tax and already exempt from real property tax. There was no PILOT Agreement offered. The major benefit that the Agency offered to the project was the spread between what they would have borrowed at a conventional rate. The library had obtained a commitment letter from a local bank showing a conventional rate on the financing. By virtue of the Agency's involvement, that conventional rate was dropped significantly because the Agency was offering tax exempt bonds. It is the same exact structure, they did their transaction with a bank, but it was a much lower interest rate and thereby saved them money.

Chair O'Halloran asked what the total bond value was at the time.

Ms. Beuf responded \$900,000.

Chair O'Halloran asked what was the use of the \$900,000.

Ms. Beuf responded that it was used for construction. She noted that the construction project paid prevailing wage.

Chair O'Halloran asked if all the planned investment was completed and done.

Ms. Beuf responded yes.

Chair O'Halloran stated that the current members of the Agency were not here at the time the Gardiner Library application was considered. Currently, the Agency evaluates multiple parts of the benefits to the community; the investment to the community, the enhancement or economic benefit, the job creation during that investment i.e. construction jobs and development of the site, and we evaluate the jobs planned with growth. With all those things in balance a determination is made to grant an exemption or not. In the case of the Gardiner Library, even though nominal tax exempt benefits were extended, a \$900,000 expansion was completed, you have 3.2 out of 5 jobs, and we will make notes on the performance list and summarize these statements on the underperforming chart and post on the website.

Hudson Valley Domicile a/k/a Hudson Valley Sportsdome

Nick Pizza, representing Hudson Valley Domicile a/k/a Hudson Valley Sportsdome addressed the members of the Agency. Mr. Pizza summarized the highlights of his July 7, 2012 correspondence addressed to Ms. Beuf. A copy of said correspondence is on file. Mr. Pizza wanted to reiterate that their intention when they prepared their business plan was a full-time operation, 12 months per year. They were going to hold trade shows, craft's fairs, and sporting events. The first two years they were open they did have a trade show that was previously hosted at the Civic Center. The New York Fire Marshalls put a stop to doing indoor events, which really cramped the anticipated use of the facility.

It was disturbing since they went through the process of the Town Planning Board stages and were approved by the town with flying colors for all events. It was a shock when they were told that they could not have these types of events. Primarily the reason was because the dome was not "sprinklered". The dome is not "sprinklered" because it is impossible. The New York Fire Marshalls made a determination that because the dome could not be "sprinklered" we could not do certain events, some, but not all. That is the crux of the underperformance of full-time people. Presently, we start approximately at the end of the August with a field hockey event. It is sporadic we have very few rentals in September. At the end of October we host the Mid-Hudson Athletic League, the Section 9 and the NYS Regionals for Field Hockey. Once November hits, business picks up to a seven-day per week operation. We have been before the Planning Board to secure the approvals for outdoor events. A Mexican Rodeo was conducted last summer and the dome is the home of the Marlboro and Highland cross country teams. This year the dome is the home to the Newburgh PUMA Soccer team. We are trying to get more involved in outdoor activities. We hired full-time security people and people to handle the different aspects of the Mexican Rodeo. For contested football, soccer, and lacrosse events, part-time referees are hired; they don't have any full-time referees. These are the numbers that were submitted to try to boost the total full-time people.

James Malcolm found it interesting that you can have sporting events at the facility seven days per week without sprinklers, but you can't have a trade show.

Mr. Pizza responded that he has submitted documentation that everything within the dome is fire resistant/retardant.

John Morrow asked if there was a complete fire alarm/smoke detector system.

Mr. Pizza responded no not inside the dome primarily because it is an air inflated building. Air is all that is holding it up. Air is coming out of the vent on the ground and is circulating throughout this 90,000 sq. ft. building. All the heat is sitting on top ... this thing is 66 feet tall. If you light a piece of paper on fire in the dome the smoke goes straight up in the air. Nothing can generate the amount of smoke for something to go off because of the size of the facility.

Mr. Morrow stated that it was his personal experience that New York State usually will let you get around things like this if you have a smoke detention system.

Mr. Pizza replied that not in this case. They would not allow it. They wanted him to pursue a variance by installing/adding a bank of eight double doors in the dome itself. The revolving door that goes into the dome is not considered an exit. They wanted more exits; the costs of which were estimated to be \$600,000 to put these eight doors in and in addition, the dome would have to be re-engineered. The cost was prohibitive; all the current/prospective business options were advised that they could not accommodate them. That's when we looked to the outside to do events. He would like to mitigate this and has tried at least five times.

Steve Perfit thought that the UBC changed in the Uniform Building Code for New York State since 2005-2006. He suggested that Mr. Pizza may wish to engage a consulting engineer to check the Uniform Building Code.

Chair O'Halloran stated that by having engaged business members of the community on our Agency you have a lot of consultants available. What we have here is a bit of challenge at 12% of the jobs in the application. He asked the members to allow him, Counsel Scott and Ms. Beuf to prepare a recommendation, speaking with the applicant between now and August, on what we should do moving forward to demonstrate to the taxpayers of Ulster County that tax benefits come with responsibilities and at the same time work in a way to allow the applicant to continue his work at the dome.

Robert Kinnin stated that it should be noted that the applicant has been very up front with all his documentation. He is using local companies, local people, local labor, etc.

Chair O'Halloran added that the applicant brings in tremendous revenue to the area due to the sporting events. All of this will be taken under consideration. All of us understand the importance of the venue to the community, at the same time we have a big discrepancy in the jobs projected opposed to jobs that are existing. All of this will be balanced in our discussions. By the next meeting of the Agency we will attempt to come up with something that is agreeable to the applicant and also reflects our commitment to the community.

Motion: Steve Perfit, seconded by Robert Kinnon, moved that by the August meeting of the Agency a recommendation be made regarding a course of action, with reference to the discrepancy in the jobs projected opposed to the existing jobs and that tax benefits come with responsibilities, which reflects the Agency's commitment to the taxpayers.

Vote: The motion was adopted. Michael Horodyski abstaining from the vote.

Mr. Pizza stated that there has been increased interest in his facility for animal shows.

Birchwood Village

Counsel Scott reported that correspondence has been received which indicates more of a push by the applicant to resolve their local tax issues, including having an arbitration of the assessed value. He is monitoring the situation; we are not named in the most recent correspondence, the most recent court action, which is good because we don't have to make any appearances or respond to any documentation. The staff is sending materials as they are received and he will continue to monitor the situation.

Chair O'Halloran stated that when we last left-off with Birchwood and the arbitration process, he believed that some conditions were set to move forward, some escrow payments for legal work, some escrow payments for an appraiser. Was this correspondence forwarded to them?

Counsel Scott responded that he was finalizing this; he has this correspondence nearly finished. He will send it out advising them that we will cooperate within the terms of the documents, but that cooperation has these strings. He will include the mention of an RFP for an arbitrator and we will follow our own internal policies with respect to the hiring of a professional such as an arbitrator.

Chair O'Halloran requested that this letter be done before the August meeting.

Mr. Perfit thought that we should hold off on the RFP until we get the escrow money.

Counsel Scott responded that is the process we will follow, but we don't necessarily start that because they have not formally asked us to start the arbitration process.

Chair O'Halloran stated that our direction is money first and then we go to work.

Hudson River Valley LLC a/k/a Head Trauma Center

James Quigley, Supervisor, Town of Ulster addressed the members of the Agency with reference to the Head Trauma Center. He noted in the June minutes of the Agency that there was reference to the documents being ready for

signature. The Supervisor pursued the approval of those documents by the Town Board, the motion was granted, and he was granted the authority to sign the documents. He asked what the status was of the signature copies of these documents.

Counsel Scott responded that the documents were sent out before the meeting. He did not hear anything back from the supervisor that the motion was actually enacted. He will follow up and send the final signature copies.

Chair O'Halloran requested that Counsel Scott make this a high priority.

PERSONNEL

Chair O'Halloran requested that the members of the Agency appoint Melinda S. Beuf as CEO of the Agency.

Michael Horodyski responded that in fairness to Ms. Beuf was she informed of the expectations and performance of the position.

Chair O'Halloran responded that the Agency was in an interesting position as the Agency contracts annually with Ulster County Development Corporation (UCDC) to provide services to us. Our real approval/disapproval is the extension of that contract each year. However, the Agency maintains a seat on the UCDC Board of Directors where we can voice our concerns with reference to the management of staff and the management of our contract. He thought that it might be a good idea to conduct an annual review to send annually to UCDC.

Mr. Perfit suggested that we should put a time frame at least to year end and budget review.

Ms. Beuf responded that every year there is a contract with the County that actually has goals in it that the CEO/Administrator should be benchmarked against. Currently they are working on the contract with the County, the legislative side and county executive side, to establish the goals and place them in the contract. She was comfortable with that. There is a possibility of hiring another individual.

Mr. Horodyski just wanted it known that everyone is on the same page.

Supervisor Quigley stated that understanding the process that UCDC and the Ulster County government go through in negotiating this contract, the Agency is not a party to these negotiations and therefore, you do not set those goals. Is it proper to evaluate your CEO against a set of goals that you have not set.

Ms. Beuf responded that there is also a contract between UCDC and the UCIDA that needs to be revisited.

Chair O'Halloran stated that a Written Performance Review of Agency staff should be performed each year and sent to UCDC. He suggested that we should make this a policy of the Agency. We should have this completed by November. Beginning in September a committee should be formed to address this. The Agency's goals may be much different than those of the County's; we will report on the efficiencies of the staff to our Agency.

Motion: James Malcolm, seconded by Steve Perfit, moved to appoint Melinda S. Beuf as CEO of the Ulster County Industrial Development Agency through December 31, 2012.

Vote: The motion was adopted.

CEO REPORT

CEO Melinda Beuf reported as follow:

- Leads for the UCIDA – 14
 - Varying stages of probability
- Leads Pending – 2 (Wolf-tec and Stavo) waiting for closing dates
- Simhara of the Heart Application (Body of Truth) – application withdrawn
 - SBDC Counselor advised them to withdraw the application
 - Request that the Agency refund the \$500 application fee.

Motion: Robert Kinnin, seconded by Steve Perfit, moved to refund the \$500 application fee for Simhara of the Heart.

Vote: The motion was adopted.

- ABO/PARIS Reporting
 - Out of 38 projects, 36 have inaccuracies in reporting
 - The fields in the ABO reports are protected. A request was made to open said previous reports. The ABO responded that they wanted to look at all the applications/source documentation that we are looking at to make a determination to see if it is necessary. The concern is that PARIS has been signed off each year and now we are saying that there are all these mistakes.
 - The data in PARIS is supposed to reflect the data the Agency used at the time of the decision making on the project. By looking at the source documentation we are looking at the documentation that the Agency used.
 - The reasons for the mistakes vary; misinterpretation, pure error, not understanding what the field meant, propagating old mistakes by using old ABO Reports, etc..
 - At the last meeting of the UCDC Executive Committee, they voted to retain the firm of Sickler Torchia Allen and Churchill to perform the controller functions. Lisa Fadelici's last day will be Friday, July 13, 2012. Steps are being taken to correct some of the issues.
 - It is possible that the ABO will audit us.
 - Discussion was held at the UCDC Executive Committee meeting regarding the costs associated with said possible audit and who should bear said costs.
 - Said costs would be incurred with reference to an audit for hiring a CPA firm to represent us.
 - Since the function of the controller has been outsourced under a very specific RFP to this external accounting firm, the review of these documents and the corrections of the information

in PARIS were not deemed at that time to be within the scope of the RFP. Therefore, there may very well be additional financial burdens undertaken during this review.

- The UCIDA pays a tremendous amount of money each year for those financial services that were done inaccurately.
 - The UCDC Executive Committee was informed that there was an administrative contract between UCDC and the UCIDA and somewhere along the line, performance standards were not met.
 - A CFO should be named; the regulations require this. This outside agency can be appointed.
 - It was suggested that this discussion be tabled until which time the budget process began.
 - There is concern that now that the ABO is aware of the discrepancies in PARIS there may not be the luxury of time as to the corrective action that must be taken immediately.
 - The Agency has a contract with UCDC for \$75,000 per year for certain services that were inaccurately performed by UCDC. This is not our mess to clean-up.
 - This does not change the fact that corrective steps need to be taken.
 - Obviously there will be a cost and with the members consent Chair O'Halloran would like the administrative fees check held for July. He will have discussions with the UCDC Executive Committee regarding this matter.
 - Our goal is to have a clean slate, a new CEO representing the Agency, and clear/accurate reporting with the ABO.
 - Ms. Beuf pointed out that a great deal of her time will be focused resolving these issues.
- Ms. Beuf reported that she had presented a proposal to the UCDC Executive Committee to back-fill her position.
 - Bi-annual Visits: 14 completed – 25 to go
 - Grants Response was sent to the ABO on June 12, 2012
 - The ABO has issued their Annual Report which was sent to the members of the committee. Said report stated that one of their goals was:

“Consideration for a new form of local authority that can eliminate the need for both IDAs and LDCs and adoption of a statutory framework to facilitate the consolidation or elimination of multiple local economic development agencies.”
 - Preparation of a Ready2Go Narrative and Application has been distributed to some members of the committee.
 - Trade Show Grants – Postponed

- Hudson Valley Film Commission
 - \$10,000 from Orange County; \$15,000 from Dutchess County
 - They are completing a CFA (Consolidated Funding Application)
- Possible RFP for the websites and Ready2Go Brochures
- Cornell Cooperative and FAMILY of Woodstock are co-sponsoring a Harvest Festival that will combine education about agriculture, and local businesses on September 22-23, 2012, Ulster County Fairgrounds. The Ulster County Fair Board wants to charge \$2,000 for use of the facilities. Both agencies are non-profits and this will be a non-profit event. UCDC, as part of their marketing cluster, is sponsoring the event at a \$500 level.
 - It was noted that the Agency supports Hudson Valley Ag (Hudson Valley Agribusiness Development Corporation). The members of the Agency agreed that Hudson Valley Ag be encouraged to sponsor this event at a \$1000 level as this is an Ulster County event.
- Protocol Changes as how job numbers are reviewed. Ask for all four quarters of the NY45MN and average the numbers out.

Motion: David O'Halloran, seconded by James Malcolm, moved that the protocol for reviewing job numbers be changed to ask for all four (4) quarters of the NY45MN and average them out.

Vote: The motion was adopted

- Benedictine Hospital is questioning the numbers that were reported last year.
- Amending applications – Counsel Scott will assist the Agency for an internal use only document that will allow applicants to describe the discrepancy between the original application and the reported job numbers.

PROJECT UPDATES

Chair O'Halloran reported on "projects in the works":

- Wilmorite – Dorm project in New Paltz – large \$30-\$40 million project – may come before the Agency in the fall.
- Twinkle – The project has an ESD (Empire State Development) Letter with assistance from the County Executive's office and Ms. Beuf, and a benefit letter from the UCIDA. Informally the Chair has worked on a tentative PILOT Agreement on the existing structure with the Supervisor and Wawarsing Town Board. The property is the old Hydro and Schrade properties. Tentative job creation 448 in Ellenville. The project is a snack processing firm from New Jersey. Senator Bonacic is putting support behind the project. Twinkle is not part of CFA (Consolidate Funding Application) because of the ESD letter. There are no stones left unturned to facilitate this project; the County Executive and staff have visited the New Jersey operation.
- Walmart has trailers on the property today; all the approval processes are complete.

- Winston Farm – The project is being supported by George Amedore, Assemblyman from upstate who will be representing the new 46th District that will include the Town of Saugerties. He is putting it in as a CFA Project, which is the new funding mechanism from the Governor's Office for economic development, with the UCIDA spearheading the project. The project is in the infancy stages in the process; they are putting this project in for Monday. There is a structure in place today to turn this project over to the UCIDA, however, without the funds to develop it completely, soft costs, there is no point of the UCIDA having ownership of it other than taking money out of the tax roles which isn't good to anyone in Ulster County. Until there is money at the table, our hands will be tied. Their intent is that when this project is complete, they see the UCIDA as the head of it.
 - It was insisted that before the Agency got involved with the Schaller family we absolutely impose upon them to get a good appraisal, because their prices are "off the wall".

UNIFORM TAX EXEMPTION POLICY

Motion: John Morrow, seconded by Michael Horodyski, moved to confirm the proposed Uniform Tax Exemption Policy.

Vote: The motion was adopted.

Chair O'Halloran reminded Agency members that the Public Hearing for said Proposed Uniform Tax Exemption Policy has been scheduled for 7:00 p.m., Wednesday, August 1, 2012 at the Legislative Chambers, Ulster County Office Building, 244 Fair Street, Kingston, NY. Chair O'Halloran stated that he will be attending said event.

Copies of the Notice of Public Hearing and the Proposed Policy have been mailed to all taxing authorities as well as posted in all Town/Village/City Halls within the County.

FEE SCHEDULE

Motion: James Malcolm seconded by John Morrow, confirmed the amended Fee Schedule for the Agency.

Vote: The motion was adopted.

NEW BUSINESS

Northeast Panel and Truss. Ms. Beuf announced that Northeast Panel and Truss has a buyer. Counsel Scott stated that this is a former bond project. He received correspondence yesterday asking that the project be terminated by the Agency. That is good news, they are paying off the financing and the property is going back on the tax roles. He would perform due diligence with staff to make certain that there are no outstanding water/sewer charges or outstanding PILOT payments.

Motion: James Malcolm seconded by Steve Perfit, moved that the Chairman be authorized to sign-off on the termination for Northeast Panel and Truss.

Vote: The motion was adopted.

ADJOURNMENT

It was unanimously agreed by all those present to adjourn the meeting.

Meeting adjourned at 9:26 a.m.

Respectfully submitted,

John Morrow
Secretary